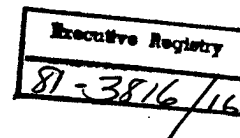


CONFIDENTIAL

Central Intelligence Agency



Washington, D.C. 20505



31 OCT 1981

The Honorable David A. Stockman, Director
Office of Management and Budget
Washington, D.C. 20513

Dear Mr. Stockman:

In order to address the concerns expressed in your letter of 8 July concerning pay comparability, I have asked our Office of Personnel to undertake a thorough review and analysis of overall Agency pay scales and the compensation of Intelligence Community civilians posted overseas. This review will address the issues of comparable compensation of overseas personnel and, in a larger sense, the effectiveness of our present compensation practices.

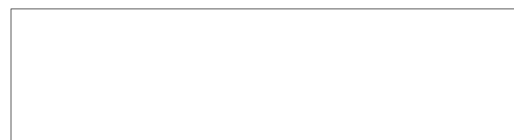
In order to supplement our in-house resources and to introduce a measure of outside objectivity, I decided to employ a consultant for this purpose. CIA has entered into a contract with the firm of [redacted] to assist us in this task. [redacted] is one of the nation's top flight compensation consulting firms with a number of large international clients and a very comprehensive overseas and domestic salary data base.

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[redacted] will finish the first phase of its study concerning overseas personnel on or before our projected date of 1 February 1982. This effort will be community-wide in nature and will consist of on-site visits to a number of overseas locations of dispersed size and geographic location where there is community-wide representation. Position audits will be conducted on the four key occupational areas across Agency lines in the Department of State, NSA, DIA and CIA. Comparisons, for example, will be made between CIA Operations Officers and State Department Foreign Service Officers. The final product will include quantitative evaluations of major classes of positions community-wide and salary recommendations for these against applicable pay data, using the total compensation approach. In the second phase of this study we have asked the consultant, once the overseas portion has been completed, to examine other aspects of our compensation system.

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We are presently coordinating the overseas portion with the three other agencies

The surveys of foreign installations will occur in November and December. Following completion of the study near the end of January, I will be pleased to provide the report to the Committee and to share with you my plan of action.

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In response to a request by your staff, we have scheduled a briefing for them on our study plan.

Sincerely,

/s/ William J. Casey

William J. Casey
Director of Central Intelligence